

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 SPC-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 USIE-00 MC-02 DRC-01 DODE-00 PM-07 H-03

L-03 PA-04 PRS-01 SSO-00 NSCE-00 INRE-00 EURE-00 /176 W

----- 123414

O 051751Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2856

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 0616

E.O. 11652: N/A

TAGS: ESTC, CU, CA

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE SALE

REF: OTTAWA 607 AND OTTAWA 583

FOLLOWING IS TEXT OF MARCH 5 COLUMN BY GEOFFREY STEVENS
IN TORONTO GLOBE AND MAIL:

BEGIN TEXT.

MR PORTER GAVE AN UNUSUALLY FORTHRIGHT INTERVIEW IN
WASHINGTON LAST WEEK AS HE PREPARED TO MOVE FROM HIS OLD
JOB AS NUMBER THREE MAN IN THE STATE DEPARTMENT TO TAKE
OVER THE U.S. EMBASSY IN OTTAWA.

HIS THEME WAS CANADIAN AUTONOMY AND HE OBVIOUSLY
FELT STRONGLY ABOUT IT AS HE ARGUED THAT CANADA SHOULD
PLAY A MORE PROMINENT AND AGGRESSIVE ROLE IN THE WORLD.

"THE WHOLE EFFORT OF THE UNITED STATES . . . IN TERMS OF

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APPROACH TO CANADA," HE SAID, "HAS BEEN TO SEE CANADIAN

DEVELOPMENT MOVE ON THAT IS THE WAY WE LOOK AT IT. (BUT) ONLY THE CANADIANS CAN DECIDE. WE CAN HAVE OUR HOPES."

ON WONDERS WHETHER MR. PORTER, FOR ALL HIS SENIORITY, HAS ANY INFLUENCE AT ALL IN THE STATE DEPARTMENT, AND WHETHER, FOR THAT MATTER, HE IS ON SPEAKING TERMS WITH HIS BOSS, HENRY KISSINGER.

IT'S MR. KISSINGER AND HIS STATE DEPARTMENT WHO--ARMED WITH THE MIGHTY SWORD OF THE U.S. TRADING WITH THE ENEMY ACT--ARE STANDING BETWEEN CANADA AND THAT \$18-MILLION LOCOMOTIVE SALE TO CUBA. AS DISCUSSED LAST WEEK, A FIRM IN MONTREAL, MLW-WORTHINGTON LTD. HAS ARRANGED TO SELL 25 CANADIA-BUILT LOCOMOTIVES TO CUBA AND TO RECONDITION IN MONTREAL A NUMBER OF VINTAGE CUBAN LOCOMOTIVES. BUT THE MONTREAL COMPANY IS U.S.-CONTROLLED (BY STUDEBAKER-WORTHINGTON INC.) AND THE AMERICAN CITIZENS ON THE CANADIAN BOARD OF DIRECTORS ARE LIABLE TO PROSECUTION UNDER THE TRADING WITH THE ENEMY ACT IF THE TRANSACTION IS CONSUMMATED.

TO PROTECT THEM, THE PARENT COMPANY APPLIED TO THE U.S. ADMINISTRATION FOR A LICENCE BUT THE STATE DEPARTMENT STILL HAS NOT ACTED ON THE APPLICATION. THE MATTER AWAITS MR. KISSINGER'S PLEASURE.

THE ASTONISHING THING ABOUT THE INCIDENT IS NOT THAT THE UNITED STATES SHOULD SEEK TO CONTROL THE ACTIVITIES OF U.S. SUBSIDIARIES IN CANADA. IT IS THAT CANADIAN OFFICIALS--AS THOUGH TO DISPROVE MR. PORTER'S CLAIMS OF CANADIAN AUTONOMY--SHOULD TAKE SUCH A DEFERENTIAL APPROACH TO THE ISSUE, ALL BUT CONCEDING WASHINGTON'S MORAL AND LEGAL RIGHT TO CHOOSE CANADA'S TRADE PARTNERS.

TRUE, FINANCE MINISTER JOHN TURNER HAS RAISED THE MATTER WITH TREASURY SECRETARY GEORGE SHULTIZ. TRUE, EXTERNAL AFFAIRS HAS MADE QUIET REPRESENTATIONS TO THE STATE DEPARTMENT. BUT THE ENTIRE ATTITUDE OF THE LIBERAL GOVERNMENT SINCE THE AFFAIR BECAME PUBLIC HAS BEEN TO KEEP

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HANDS OFF.

THE CONSERVATIVES DON'T SEEM TO CARE. ONLY THE NEW DEMOCRATS HAVE TRIED TO PRESSURE THE GOVERNMENT INTO TAKING A TOUGH STAND.

WHEN TRADE MINISTER ALASTAIR GILLESPIE SAID HE HAD NO NEWS FROM WASHINGTON YESTERDAY, EDWARD BROADBENT

(NDP, OSHAWA-WHITBY) TURNED TO EXTERNAL AFFAIRS MINISTER MITCHELL SHARP. WAS THE CANADIAN GOVERNMENT, HE ASKED, PREPARED TO FOLLOW THE EXAMPLE OF ARGENTINA BY REQUIRING THAT COMPANIES OPERATING IN CANADA OPERATE ACCORDING TO CANADIAN LAW?

MR. SHARP DID A QUICK DOUBLE-SHUFFLE: "SO FAR AS I KNOW, CORPORATIONS IN CANADA DO OBEY CANADIAN LAW, AND IF THE HONORABLE MEMBER HAS SOME EVIDENCE THAT THEY DO NOT OBEY CANADIAN LAW, I WOULD LIKE TO HAVE IT."

BUT, MR. BROADBENT OBJECTED, THE MONTREAL FIRM HAD DONE EXACTLY WHAT COMPANIES IN ARGENTINA NOW ARE FORBIDDEN TO DO--TO SECURE U.S. APPROVAL BEFORE SIGNING TRADE CONTRACTS. "THAT, OF COURSE," MR. SHARP REPLIED, "IS A DIFFICULT QUESTION (SIC). REPRESENTATIONS HAVE BEEN MADE. "DR. KISSINGER HAS BEEN AWAY. THE MATTER HAS NOW BEEN BROUGHT TO HIS ATTENTION AND WE HOPE IT WILL HAVE A GOOD OUTCOME."

MR SHARP AGREED WITH NDP LEADER DAVID LEWIS THAT IT IS REPREHENSIBLE THAT AMERICANS SHOULD BE PROSECUTED IN THE UNITED STATES FOR ACTIONS TAKEN IN CANADA, "BUT ONE HAS TO CHANGE THE LAWS OF THE UNITED STATES AND NOT OF CANADA."

AND THERE THE GOVERNMENT SEEMS PREPARED TO LET THE MATTER REST.

ONE WONDERS WHETHER AMBASSADOR PORTER, WITH ALL HIS PRECONCEPTIONS ABOUT CANADIAN AUTONOMY, IS NOT COMING TO THE WRONG JOB IN OTTAWA. LET HIM BE MINISTER OF EXTERNAL AFFAIRS AND MAKE MR. SHARP U.S. UNCLASSIFIED

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AMBASSADOR TO CANADA. WASHINGTON WOULD FIND MR. SHARP A COMPLIANT SOUL AND OTTAWA WOULD HAVE, IN MR. PORTER, A MORE VIGOROUS SPOKESMAN FOR CANADIAN INTERESTS.

END TEXT.
JOHNSON

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